

**GRAND ISLE
VOLUNTEER FIRE COMPANY NO. 1
(GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9
OF JEFFERSON PARISH**

**ANNUAL FINANCIAL REPORT
Year Ended December 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **AUG 15 2012**

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FINANCIAL SECTION

Paul C. Rivera, CPA

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INDEPENDENT AUDITOR'S REPORT

To the President and Board of
Grand Isle Volunteer Fire Company No. 1 (GIVFD)
Grand Isle, Louisiana

I have audited the accompanying financial statements of the governmental activities and each major fund (i.e., the General Fund) of Grand Isle Volunteer Fire Company No. 1 ("GIVFD"), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, as of and for the year ended December 31, 2011, which collectively comprise GIVFD's basic financial statements as listed in the table of contents. These financial statements are the responsibility of GIVFD's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of GIVFD as of December 31, 2011 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 26, 2012, on my consideration of GIVFD's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise GIVFD's financial statements as a whole. The individual fund statements and schedules and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. These statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Paul C. Bine, CPA

June 26, 2012

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 ("GIVFD")
PO BOX 550
GRAND ISLE, LA 70358

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Grand Isle Volunteer Fire Company No. 1 ("GIVFD"), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, we offer readers of GIVFD's financial statements this narrative overview and analysis of the financial activities of GIVFD for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The assets of GIVFD exceeded its liabilities at the close of the most recent fiscal year by \$802,653 (*net assets*). Of this amount, \$499,428 or 62.2 percent is invested in capital assets, such as building, vehicles and firefighting equipment. The remaining balance of \$303,225 (*unrestricted net assets*) or 37.8 percent represents the amount available to meet the entity's ongoing obligations to citizens and creditors.
- GIVFD's total net assets decreased by \$(78,787) or 8.9 percent during the current year because total expenses exceeded revenues by that amount.
- As of the close of the current fiscal year, GIVFD's governmental fund (the General Fund) reported a fund balance of \$303,225, an increase of \$11,623 or 4.0 percent in comparison with the prior year. The primary reason for the increase was the \$280,000 in reimbursements received from BP related to the Deepwater Horizon oil spill response and an increase in the monthly allocation received from the Parish.
- GIVFD has a cooperative agreement with the Grand Isle Volunteer Emergency Services (i.e., ambulance) Department (GIVES) for it to provide GIVES with administrative and operating support. All of the employees of GIVES were transferred to GIVFD in the prior year. GIVES paid GIVFD \$244,000 during the year under this agreement.
- GIVFD had \$137,432 in outstanding debt at year end. This amount is made up of a capital lease (\$137,432) on the purchase of a fire truck in 2007. The operating loan from a local bank was paid out during the year.
- GIVFD is still feeling the effects of Hurricanes Katrina, Rita, Gustav and Ike. Project worksheets continue to be worked through and reimbursements and costs continue. During 2010, the Parish completed reconstruction of the new fire station to replace the one destroyed by Katrina.
- The BP Deepwater Horizon oil rig exploded and sank in April 2010. Oil spewed into the Gulf of Mexico for months and affected the Grand Isle area. GIVFD employees participated in the incident command and the related response from the time of the spill through mid 2011. BP reimbursed GIVFD for providing fire watch services on the beach, for providing a juvenile summer program, for equipment usage, and for personnel assigned to the JP Incident Command Center. These activities concluded in mid 2011.
- While the short-term impact of the BP oil spill was positive due to the money earned during the spill response, it is unknown what long-term effects this oil spill may have on the area's seafood or tourism industries.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to GIVFD's basic financial statements. GIVFD's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The "government-wide financial statements" are designed to provide readers with a broad overview of GIVFD's finances, in a manner similar to a private-sector business.

The "Statement of Net Assets" presents information on all of GIVFD's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of GIVFD is improving or deteriorating.

The "Statement of Activities" presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements are designed to distinguish functions of GIVFD that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). It should be noted that GIVFD only has governmental activities.

The government-wide financial statements include only the financial activities of GIVFD, which are made up of the "private" account and the "public funds" account. The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. GIVFD, because it is a "quasi-public" entity, uses fund accounting like state and local governments to ensure and demonstrate compliance with finance-related legal requirements.

GIVFD's funds can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds. As discussed below, GIVFD only presents governmental funds.

Governmental funds. "Governmental funds" are used to account for essentially the same functions reported as "governmental activities" in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for "governmental funds" with similar information presented for "governmental activities" in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between "governmental fund" and "governmental activities".

GIVFD maintains only one fund (the General Fund). Information is presented in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General fund.

GIVFD is a "quasi-public" entity and is not required to adopt an annual budget. Thus, a budgetary comparison statement is not shown.

The basic governmental fund financial statements can be found on pages 16 to 19 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 32 of this report.

Other information. Individual fund statements and schedules, which show additional detailed financial information on the General Fund, are found on pages 34 and 35. Supplementary information, which includes a Schedule of Expenditures of Federal Awards, is found on page 38.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of GIVFD, assets exceeded liabilities by \$802,653 at December 31, 2011, a decrease of \$(78,787) or 8.9 percent.

A large portion of GIVFD's net assets (62.2 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, vehicles and firefighting equipment); less any related debt used to acquire those assets that is still outstanding. GIVFD used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although GIVFD's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Below is a comparison of GIVFD's Statement of Net Assets for 2011 and 2010.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1

	Governmental Activities 2011		Governmental Activities 2010	
Current and other assets	\$ 391,240		\$ 433,230	
Capital assets	636,860		768,392	
Total assets	1,028,100		1,201,622	
Long-term liabilities outstanding	137,432		178,554	
Other liabilities	88,015		141,628	
Total liabilities	225,447		320,182	
Net assets:				
Invested in capital assets, net of related debt	499,428	62.2%	611,790	69.4%
Restricted	0	0.0%	0	0.0%
Unrestricted	303,225	37.8%	269,650	30.6%
Total net assets	\$ 802,653		\$ 881,440	

The balance of *unrestricted net assets* is \$303,225 at December 31, 2011.

At December 31, 2011, GIVFD is able to report positive fund balances in all three categories of net assets.

GIVFD's net assets decreased by \$(78,787) or 8.9 percent during the current fiscal year.

Governmental Activities. During 2011, governmental activities decreased GIVFD's net assets by \$(78,787). Key elements of this increase are shown below as compared to 2010.

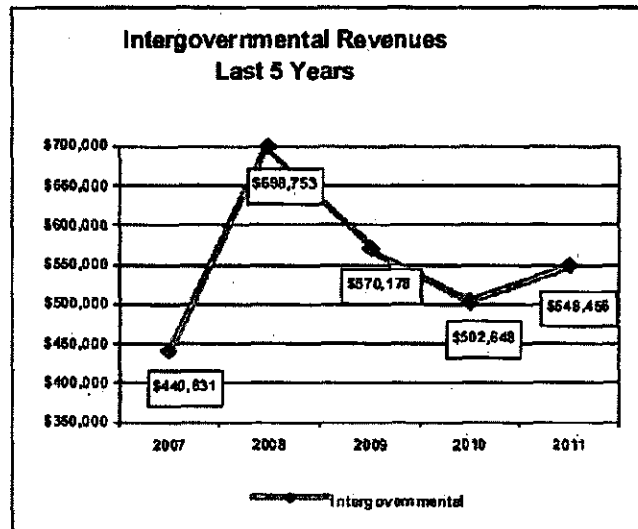
GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1

	<u>Governmental Activities</u>		<u>Governmental Activities</u>	
	<u>2011</u>		<u>2010</u>	
Revenues:				
Program revenues:				
Charges for services	\$ 287,800	25.9%	\$ 957,910	49.4%
Operating grants and contributions	242,746	21.9%	369,642	19.1%
Capital grants and contributions	23,400	2.1%	62,953	3.2%
General revenues:				
Intergovernmental	548,456	49.4%	502,648	25.9%
Unrestricted interest	384	0.0%	44	0.0%
Gain (loss) on sale of equipment	(727)	-0.1%	(9,863)	-0.5%
Unrestricted gifts and donations	-	0.0%	44,903	2.3%
Miscellaneous	7,717	0.7%	9,049	0.5%
Total revenues	1,109,776	100.0%	1,937,286	100.0%
Expenses:				
Public Safety	1,188,563	100.0%	1,531,778	100.0%
Total expenses	1,188,563	100.0%	1,531,778	100.0%
Increase in net assets	(78,787)		405,508	
Net assets - Beginning of year	881,440		475,932	
Net assets - end of year	\$ 802,653		\$ 881,440	

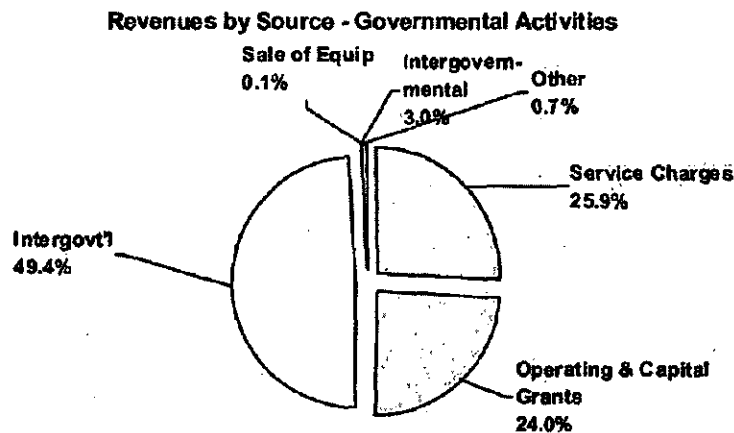
- Charges for services are made up of reimbursements received from BP related to the Deepwater Horizon oil rig explosion and oil spill that occurred in April 2010. \$275,800 relates to GIVFD being hired to provide contractors for a fire watch program that allowed BP to place workers on the beach to clean up the oil. BP also reimbursed GIVFD for using its command trailer at the Elmer's Island beach closure area - \$4,200. In addition, \$7,800 was billed relating to smaller oil spill (Anglo Swiss) in early 2011. These oil spill related activities ending in mid 2011.
- Operating grants represent the proceeds from a cooperative agreement with the Grand Isle Volunteer Emergency Services Department (GIVES) and reimbursements from FEMA for emergency protective measures during Hurricanes Rita, Gustav and Ike. Under the agreement with GIVES, all of the employees of GIVES were transferred to GIVFD and GIVFD now provides GIVES with administrative and operating support. GIVES reimburses GIVFD out of the proceeds of the money it receives from the Parish to operate an ambulance district within the Town boundaries. During 2011, GIVES paid GIVFD \$244,00, a decrease of \$(92,718). Last year's remittance included accumulated surpluses from prior years. The FEMA operating grants amounted to \$(1,254) in 2011. These amounts represent refunds paid by GIVFD to FEMA for disallowed costs that were previously paid for.
- The capital grants of \$23,400 in 2011 represented funds from the Parish of Jefferson to furnish and equip the new fire station (\$15,000) and to paint the trucks obtained through FEMA Public Assistance grants (\$8,400). The prior year included equipment grants from the Parish and FEMA capital grants related to prior hurricanes.
- Intergovernmental revenues come from the Parish of Jefferson and the State. The Parish levies an ad valorem tax in Grand Isle and remits a certain amount to GIVFD each month to provide funding to the

Fire District. This allocation came in at \$540,000 for 2011 and \$493,730 for 2010. This large increase resulted from the Parish correcting their distribution formula and allocating more money to GIVFD in 2011. The State also remits a fire insurance rebate to each fire company. For 2011 and 2010, this amount was \$8,456 and \$8,918, respectively. A breakdown of the intergovernmental revenues received by GIVFD is as follows:

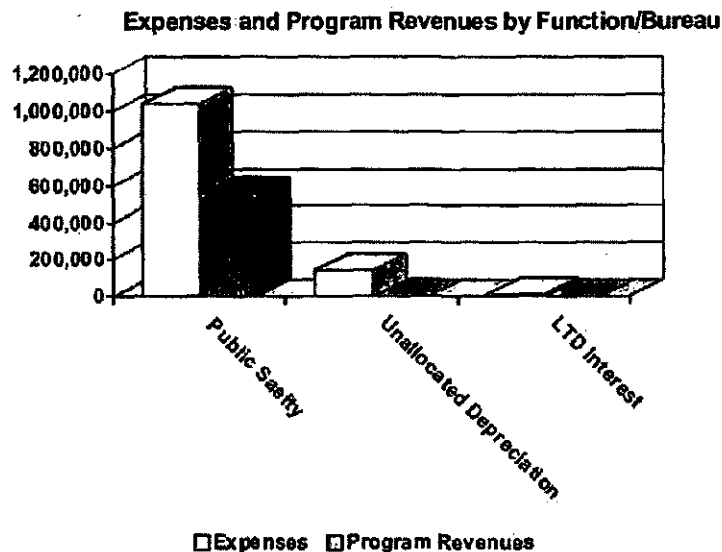
- Loss on sale/disposal of equipment totaled \$(727) resulting from the disposal and replacement of some old office equipment when moving into the new station.
- Unrestricted gifts and donations totaled \$-0- in 2011 and \$44,903 in 2010. This amount was made up of donations from businesses and citizens to help finance the office. The amount decreased in 2011 as the use of a professional fund-raiser was discontinued last year.



- Miscellaneous income totaled \$7,717 in 2011, mostly dividends from LWCC on workers compensation program (\$6,900).
- A breakdown of the revenues received by GIVFD's governmental activities is as follows:



Expenses totaled \$1,188,563, including current year depreciation of \$140,576 and interest on long-term debt of \$9,321. As a fire district, the only function GIVFD provides is the public safety function. These expenses of GIVFD were offset by program revenues (service charges and grants) totaling \$553,946 (see above), leaving a net revenue (cost) to citizens of GIVFD of \$(634,617). The cost is primarily funded by the general revenues discussed above. A graph comparing the expenses with the program revenue generated is presented below.



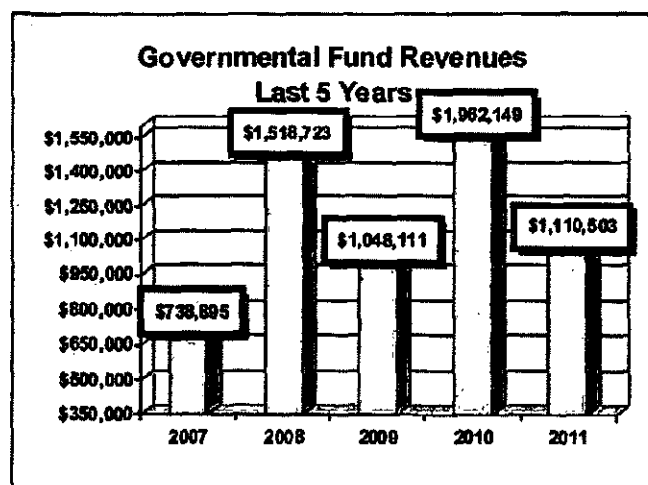
FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, GIVFD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of GIVFD's "governmental funds" is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing GIVFD's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2011, GIVFD's governmental fund (i.e., the General Fund) reported ending fund balance of \$303,225, an increase of \$11,623 or 4.0 percent in comparison with the prior year. This change was caused by a number of factors, which are discussed below.

As noted above, the governmental funds include the general operating funds of GIVFD (i.e., the General Fund). Overall, as the graph shows, revenues of the Governmental Funds increased and decreased greatly over the past years. Because of the small size of the operating fund, operating and capital grants can create large swings in revenues when recognized. This is especially true since the hurricanes in 2005 and 2008, as well as the oil spill in 2010.



The cooperative agreement with Grand Isle Volunteer Emergency Services to provide administrative support brought in \$244,000 in 2011 (down \$92,718) and assistance from FEMA brought in \$(1,254) (down \$69,131 from last year). The allocation from the Parish brought in \$540,000, an increase of \$46,270 from the prior year due to the Parish upping the monthly allocation to better reflect the millage collections made.

Service Charges totaled \$287,800 for 2011. This amount is made up of reimbursements received from BP relating to the response to the April 2010 oil spill. GIVFD participated in the response in various ways and was able to bill BP for these services. The amount decreased significantly from last year as these activities ended in mid 2011.

As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27.6 percent of total general fund expenditures. This is an increase from the 19.6 percent noted last year and represents the positive cash flows realized in the wake of the BP oil spill and the Parish increasing the monthly allotment.

The fund balance of GIVFD's General fund increased by \$11,623 during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$1,110,503, while expenditures totaled \$1,098,880.
- Revenues were made up of:
 - Intergovernmental revenues included \$(1,254) in assistance from FEMA for emergency measures and damage to facilities relating to Hurricanes Katrina, Rita, Gustav and Ike. This negative amount resulted from GIVFD issuing a refund to FEMA for certain disallowed costs.
 - Intergovernmental revenues included \$8,456 of state fire insurance rebates.
 - Intergovernmental revenues also included an allocation from Jefferson Parish (i.e., Property taxes) totaling \$540,000. This amount is slightly higher than it was in 2010, as the monthly allocation was adjusted to better reflect amounts collected. The number of mills levied on the 2011 tax roll was 17.48, the same as last year.
 - Intergovernmental revenues also included \$23,400 in grants from the Parish to furnish and equip the new fire station and to paint the trucks acquired via a FEMA grant.
 - Intergovernmental revenues also included \$244,000 from the cooperative agreement with the Grand Isle Volunteer Emergency Services to provide administrative support to the ambulance department. This amount dropped from last year as accumulated surpluses were included in the prior year.
 - Donations and gifts totaled \$-0-, a decrease of \$(44,903) or 100.0 percent from last year. This decrease was the result of our discontinuing the use of a professional fund-raising firm to seek donations (which resulted in less fundraising revenues).
 - Miscellaneous revenues total \$7,717, including \$6,900 from LWCC dividends. This revenue decreased from last year as one-time insurance claims and sales of equipment did not recur.
- Expenditures totaled \$1,098,880:
 - Personnel and related costs totaled \$662,091 or 460.3 percent of expenditures – salaries amounted to \$470,778 and benefits totaled \$191,313. This category decreased \$(49,922) or 7.0 percent from 2010. Most of the decrease relates to salaries and overtime related to the BP oil spill response not recurring in 2011 (primarily the juvenile program funded last summer by BP). Payroll taxes were also down (\$42,929) as GIVFD cut the penalties and interest realized in prior years by paying their taxes on time. This was offset by an increase in health insurance of \$23,154.
 - General and administrative costs totaled \$146,195 or 13.3 percent of expenditures – Groceries and station supplies were \$15,012, insurance was \$64,479, phones were \$22,578, travel and conventions costs were \$2,085, cable and internet access totaled \$3,752, electricity was \$15,804, bookkeeping and audit fees totaled \$12,197, and office supplies totaled \$8,061. This category increased \$1,846 or 1.3

percent from last year. Insurance was up \$27,950 due to the new station coming on line and GIVFD having to pay the Parish for its share of building coverage. Auditing costs were up \$9,197 as two years of audits were paid for in 2011. Most of the other line-items decreased due to cut-backs and better cash management and oversight of costs.

- Emergency training and supplies totaled \$164,419 or 15.0 percent of expenditures. The largest expenditure in this category related to the fire watch contractors - \$131,628. This category also included gas and oil of \$13,586 and medical and emergency supplies of \$169. In addition, Uniforms and shirts came in at \$5,094, and training totaled \$3,802. Finally, fire prevention week supplies totaled \$1,014 and firefighting supplies were \$9,126.
- Repairs and maintenance totaled \$60,466 or 5.5 percent of expenditures. Repairs to buildings amounted to \$7,353 (primarily renovations and repairs to Station 99) and repairs to the fire trucks came in at \$50,438. Building repairs were down as the new station was moved into and Station 99 repairs were completed. Vehicle repairs were up as additional repairs were needed to the trucks.
- Miscellaneous expenditures were \$5,495 or 0.5 percent of expenditures (made up mostly of private account funded functions or events).
- Capital outlays totaled \$9,771 or 0.9 percent. This included the purchase of a new office furniture, computers, and gym equipment for the new station.
- Debt Service totaled \$50,443 or 4.6 percent of expenditures. This represents principal payments of \$41,122 and interest payments of \$9,321 on the 2007 capital lease for a new fire truck and the emergency operating loan made to pay off outstanding debt to the IRS. The operating loan was paid out completely in 2011.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. GIVFD's investment in capital assets for its governmental activities as of December 31, 2011 amounts to \$499,428 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, furniture and fixtures, heavy equipment, and vehicles. GIVFD's investment in capital assets decreased by \$(112,362) or 18.4 percent this year.

Major capital asset events during the current fiscal year included the following:

- \$9,771 was spent the purchase of furniture and equipment (including new furniture, computers, and gym equipment for the new station)
- \$140,576 was recognized as depreciation expense.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
CAPITAL ASSETS
(NET OF DEPRECIATION)

	Governmental Activities 2011	Governmental Activities 2010
Land	\$ 39,800	\$ 39,800
Buildings	185,957	199,287
Furniture and fixtures	52,673	74,611
Vehicles and firefighting equipment	358,430	454,694
Total	<u>636,860</u>	<u>768,392</u>
Capital-related debt	(137,432)	(156,602)
Net Investment	<u>\$ 499,428</u>	<u>\$ 611,790</u>

Additional information on GIVFD's capital assets can be found in Note D.3 on page 27.

Long-term Debt. At the end of 2011, GIVFD had outstanding debt totaling \$137,432. This amount is made up of \$137,432 on a capital lease and \$-0- on an emergency operating loan made from a local bank.

The capital lease was entered into to finance the purchase of a new pumper truck and is payable over a ten (10) year period. The emergency loan was made to pay off penalties and interest levied by the IRS for back taxes from the Hurricane Katrina period and was paid out during 2011.

Additional information on GIVFD's long-term debt can be found in Note D.5 on page 28.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

- The unemployment rate for the Parish of Jefferson is currently 6.1 percent, which slightly lower than a year ago. In the coastal community of Grand Isle, which is heavily dependent on offshore oil and commercial fisheries (primarily shrimping), the rate is typically much higher.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage was renewed by a popular vote in April 2011 and is now at the maximum authorized rate of 20.00 mills. This is an increase of 2.52 mills from last year. Thus, it is expected that the allocation from the Parish should increase in 2012 as the millage collections increased.
- The BP Deepwater Horizon oil spill continues to affect the area; either through the continuing clean up effort or the offshore drilling moratorium imposed by the federal government. GIVFD's employees were heavily utilized in the effort to monitor and manage the clean-up effort through most of 2010 and half of 2011. These costs were captured and billed to BP. These activities ended in mid 2011. It is hoped that the oil spill will not have a long-term or negative effect on ad valorem tax levels or operating revenues.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of GIVFD's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Grand Isle Volunteer Fire Company, No.1, President, PO Box 550, Grand Isle, Louisiana 70358.

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BASIC FINANCIAL STATEMENTS

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 291,094
Investments	-
Receivables (net of allowance for uncollectibles)	100,146
Other assets	-
Capital assets (net of accumulated depreciation)	
Land	39,800
Buildings	185,957
Furniture and fixtures	52,673
Heavy equipment	-
Vehicles and firefighting equipment	358,430
Infrastructure	-
Construction in progress	-
TOTAL ASSETS	1,028,100
LIABILITIES	
Accounts payable and other current liabilities	28,861
Accrued payroll and deductions	7,242
Deferred revenue	51,912
Accrued interest payable	-
Noncurrent liabilities:	
Due within one year	20,149
Due in more than one year	117,283
TOTAL LIABILITIES	225,447
NET ASSETS	
Invested in capital assets, net of related debt	499,428
Restricted for:	
Debt service	-
Other	-
Unrestricted	303,225
TOTAL NET ASSETS	\$ 802,653

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

FOR THE YEAR ENDED DECEMBER 31, 2011

FUNCTION	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Primary Government Governmental Activities:					
Public Safety	\$ 1,038,666	\$ 287,800	\$ 242,746	\$ 23,400	\$ (484,720)
Unallocated depreciation expense	140,576	-	-	-	(140,576)
Interest on long-term debt	9,321	-	-	-	(9,321)
Total governmental activities	<u>\$ 1,188,563</u>	<u>\$ 287,800</u>	<u>\$ 242,746</u>	<u>\$ 23,400</u>	<u>(634,617)</u>
GENERAL REVENUES:					
					540,000
					8,456
					384
					(727)
					-
					7,717
TRANSFERS IN (OUT)					
TOTAL GENERAL REVENUE AND TRANSFERS					<u>555,830</u>
CHANGE IN NET ASSETS					(78,787)
NET ASSETS					
Beginning of Year					881,440
End of Year					<u>\$ 802,653</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2011

	<u>General Fund</u>
ASSETS	
Cash and Certificates of Deposit	\$ 291,094
Accounts Receivable	100,146
TOTAL ASSETS	<u><u>\$ 391,240</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable - bank overdrafts	\$ -
Accounts payable	28,861
Premiums payable	-
Salaries and related taxes payable	7,242
Deferred revenue	51,912
Total Liabilities	<u>88,015</u>
Fund Balance	
Non-spendable	-
Restricted	-
Committed	-
Assigned	-
Unassigned	303,225
Total Fund Balance	<u>303,225</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 391,240</u></u>

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

Amounts reported for governmental activities in the Statement of Net Assets (page 13) are different because:

Total Fund Balances at December 31, 2011 - Governmental Funds (page 16)	\$ 303,225
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,553,898 and the accumulated depreciation is \$917,038.	636,860
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:	
Notes Payable	-
Capital Lease Payable	(137,432)
Total Net Assets of Governmental Activities at December 31, 2011 (page 14)	<u>\$ 802,653</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General Fund</u>
REVENUES	
Intergovernmental	\$ 814,602
Service charges and reimbursements	287,800
Donations and gifts	-
Interest	384
Miscellaneous	7,717
TOTAL REVENUES	<u>1,110,503</u>
EXPENDITURES	
Current	
Public Safety	
Personnel and related costs	662,091
General and administrative costs	146,195
Emergency training and supplies	164,419
Repairs and maintenance	60,466
Miscellaneous	5,495
Capital outlay	9,771
Debt Service	
Principal	41,122
Interest	9,321
TOTAL EXPENDITURES	<u>1,098,880</u>
EXCESS OF REVENUES OVER EXPENDITURES	11,623
OTHER FINANCING SOURCES	
Capital lease	-
Loan proceeds	-
EXCESS (DEFICIENCY) OF REVENUES AND	
OTHER FINANCING SOURCES OVER EXPENDITURES	<u>11,623</u>
FUND BALANCE	
Beginning of year	291,602
End of year	<u>\$ 303,225</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1

d/b/a

FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Amounts reported for governmental activities in the Statement of Activities (page 14) are different because:

Net change in fund balances - total governmental funds (page 18)	\$ 11,623
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(130,805)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(727)
The issuance of long-term debt (e.g., notes payable, leases) provides current financial resources to the governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	41,122
Change in net assets of governmental activities (page 15)	<u>\$ (78,787)</u>

The accompanying notes are an integral part of this statement.

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GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Isle Fire Company No. 1 (GIVFD), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units under the legal premise that GIVFD is a "quasi-public" corporation. Quasi-public corporations are non-profit or private companies who are created to perform a public service and which receive the majority of their funding from public funds (i.e., taxes, grants, etc.). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of GIVFD's accounting policies are described below.

1. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Fire District No.9 of Jefferson Parish (the "District") was created by Parish Ordinance to provide fire protection services to the citizens of the Town of Grand Isle and the surrounding area. The District is currently funded by a 20 mill ad valorem tax levied by the District via the Parish Council and is governed by the same Council that governs the Parish. As such, the District is reported as a component unit within the Parish's financial statements.

Under a cooperative endeavor agreement, the daily operations of the District are contracted out to Grand Isle Volunteer Fire Company No. 1 (GIVFD). GIVFD was incorporated on April 25, 1969 as a non-profit service corporation under Section 501(c)(3) of the Internal Revenue Code. GIVFD has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provide in Section 170(b)(1)(A)(vi). GIVFD is governed by a President and a 5 member Board of Directors which are elected by the membership. The accompanying statements report transactions related only to those of GIVFD.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of GIVFD. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Because of the nature of GIVFD's operations, GIVFD reports only governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Funds are used by GIVFD to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The funds of GIVFD are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all financial activities of the general government not accounted for in some other fund.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GIVFD reports the following major governmental funds:

The *General Fund* is the general operating fund of GIVFD. It is used to account for all financial resources and expenditures. It includes the activity of the "private" account, as well as the "public funds" account.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Intergovernmental revenues received from the Parish in connection with the cooperative endeavor agreement are recognized in the year to be benefitted. All other service charges and intergovernmental revenues are recognized as received. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recognized as expenditures only when payment is due.

4. Budgets

As a quasi-public corporation, GIVFD is not required to adopt a budget; therefore, a budget to actual statement is not presented in the accompanying financial statements. An informal budget is adopted for internal purposes for the General Fund.

5. Assets, Liabilities, and Net Assets or Equity

A. *Cash and Investments*

For reporting purposes, cash and cash equivalents includes amounts in demand deposits, time deposits, and certificates of deposit. This includes the balances in the "private" account, as well as the "public funds" account.

Investments, if any, are stated at fair value, except for investments in government securities with maturities less than 1 year, which are stated at cost or amortized cost.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Inventories

The cost of materials and supplies acquired by GIVFD are recorded as expenditures at the time of purchase. It is management's opinion that the inventory of such materials and supplies at December 31, 2011 would not be material to the financial statements.

C. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by GIVFD as assets with an initial, individual cost of more than \$100 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and are included in construction in progress.

Property, plant, equipment, and infrastructure are depreciated using the straight-line method (with a mid-year convention) over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Life in Years</u>
Buildings	20
Furniture and fixtures	3 to 5
Vehicles and firefighting equipment	5 to 10
Infrastructure (if any)	40

D. Fund Equity

For 2011, GIVFD implemented the requirements of Government Accounting Standards Board (GASB) Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this statement, in the fund financial statements, fund balances of the governmental fund types are categorized into one of five categories - Non-spendable, Restricted, Committed, Assigned, or Unassigned.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(130,805) difference are as follows:

Capital outlay	\$ 9,771
Depreciation expense	(140,576)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	<u>\$ (130,805)</u>

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Compliance with Cooperative Endeavor Agreement

As a quasi-public corporation, GIVFD is not subject to all of the general statutes governing political subdivisions and other governments within the State of Louisiana. Instead, GIVFD must comply with the terms and conditions of the cooperative endeavor agreement it has with the Parish of Jefferson. As of December 31, 2011, GIVFD was in compliance with all of the significant conditions of the agreement.

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits and Investments

The carrying amount of GIVFD's deposits at December 31, 2011 was \$291,094 and the bank balance was \$322,590. This book balance on the balance sheet includes \$200 of petty cash. All of the bank balances were covered by FDIC.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

2. Receivables

As discussed in Note D.4, GIVFD has a contract with Grand Isle Volunteer Emergency Services, Inc. ("GIVES", the ambulance district), in which GIVFD acts as the paymaster for all employees and GIVES remits a set amount per month to help cover costs. At December 31, 2011, GIVES owed GIVFD \$20,000 for the December remittance. This amount is reflected as a receivable at year-end.

As discussed in Notes G.2 and G.3, GIVFD has open claims with FEMA for disaster assistance related to Hurricanes Katrina, Rita, Gustav and Ike. At December 31, 2011, \$69,456 is reflected as receivable on these claims.

In 2008, GIVFD had to respond to an offshore oil spill that occurred in the Grand Isle area. The time was captured and the oil company was billed \$10,690. This amount is included in accounts receivable at December 31, 2011. GIVFD has contacted the company about the delinquent nature of the receivable and is hoping to collect the funds or take action shortly.

A recap of the receivables due at year end is as follows:

<u>Description</u>	<u>Receivable</u>
JP - Millage Allocation	\$ -
FEMA - Disaster Claims	69,456
GIVES - Monthly Remittance	20,000
Other - Oil Spill Reimbursement	10,690
Total Receivables	<u>\$ 100,146</u>

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

3. Capital Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 39,800	\$ -	\$ -	\$ 39,800
Total capital assets, not being depreciated	\$ 39,800	\$ -	\$ -	\$ 39,800
Capital assets, being depreciated				
Buildings & improvements	\$ 256,596	\$ -	\$ -	\$ 256,596
Furniture & fixtures	149,235	9,771	(1,812)	157,194
Vehicles & firefighting equipment	1,100,308	-	-	1,100,308
Total capital assets, being depreciated	1,506,139	9,771	(1,812)	1,514,098
Less accumulated depreciation for:				
Buildings & improvements	(57,309)	(13,330)	-	(70,639)
Furniture & fixtures	(74,624)	(30,982)	1,085	(104,521)
Vehicles & firefighting equipment	(645,614)	(96,264)	-	(741,878)
Total accumulated depreciation	(777,547)	(140,576)	1,085	(917,038)
Capital assets being depreciated, net	\$ 728,592	\$ (130,805)	\$ (727)	\$ 597,060
Net governmental activities capital assets	\$ 768,392	\$ (130,805)	\$ (727)	\$ 636,860

Fire District No. 9's two stations were damaged or destroyed by Hurricanes Katrina and Gustav. The Parish of Jefferson was awarded a claim through FEMA to provide funds to replace the main station (Station 97 - see Note G.2). Station 97 opened in April 2011 and is now carried on the books of the Parish of Jefferson. The East Substation (Station 99) has been rebuilt and claimed with FEMA by GIVFD and is included in the assets above.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

4. Intergovernmental Contracted Services

During 2007, GIVFD entered into a cooperative agreement with the Grand Isle Volunteer Emergency Services Department (GIVES), whereby GIVFD would provide accounting and administrative services and GIVES would reimburse it for the costs incurred. In addition, in an effort to save money and to consolidate operations, the employees of GIVES were transferred to GIVFD. Now, GIVFD employees are cross-trained and are responsible for responding to both fires and emergencies. Again, GIVES is required to reimburse GIVFD for costs incurred. During 2011, this agreement was renewed and calls for GIVES to remit up to 85 percent of its millage allocation to GIVFD. During 2011, GIVES made payments totaling \$244,000 to GIVFD under this arrangement.

Additionally, the Grand Isle Volunteer Fire Department (GIVFD) provides GIVES with the use of office space and some equipment at no cost. GIVES also now relies upon GIVFD for labor (see above).

5. Long-term Debt

Capital Lease

In 2007, GIVFD entered into lease agreements as lessee for financing the acquisition of a new pumper truck. This lease agreement qualifies as capital leases for accounting purposes (bargain purchase options and/or present value of lease payments is greater than 90 percent of asset cost) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The lease bears an interest rate of 5.11 percent and is being paid over a ten (10) year period. During 2007, GIVFD missed a payment on this lease of \$25,000. This payment has been accrued as accounts payable. During 2011, GIVFD made a payment of \$27,172 on this lease (principal of \$19,170 and interest of \$8,002). The balance of \$137,432 is included in the noncurrent liabilities on the Statement of Net Assets.

Emergency Operating Loan - South Lafourche Bank

In December 2007, GIVFD made an emergency operating loan of \$34,725 from South Lafourche Bank to pay off outstanding taxes, penalties and interest due to the IRS relating to the period after Hurricane Katrina. GIVFD lost all of its records and was unable to remit its taxes in a timely manner. The IRS calculated the taxes due and levied penalties and interest. The loan bears an interest rate of 7.34 percent and was due on December 18, 2010 (an extension was asked for and granted). During 2011, GIVFD made a payments totaling \$23,271 on the loan, which is made up of \$21,952 principal and \$1,319 interest. Thus, the loan was paid out in total by year-end.

Debt Service to Maturity

The following is a schedule of the future minimum lease payments under this capital lease and loan agreements, and the present value of the net minimum lease payments at December 31, 2011.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Year Ended December 31,	Capital Lease	Bank Loan	Total
2012	\$ 27,172	\$ -	\$ 27,172
2013	27,172	-	27,172
2014	27,172	-	27,172
2015	27,172	-	27,172
2016	27,172	-	27,172
2017	27,172	-	27,172
Total minimum lease payments	163,032	-	163,032
Less: amount representing interest	(25,600)	-	(25,600)
Present value of future minimum lease payments	\$ 137,432	\$ -	\$ 137,432

Changes in Long-Term Debt

The following is a summary of the changes in long-term debt related to governmental activities for the fiscal year ended December 31, 2011:

Type of Debt	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
Capital Lease	\$ 156,602	\$ -	\$ (19,170)	\$ 137,432	\$ 20,149
Emergency Operating Loan - SL Bank	21,952	-	(21,952)	-	-
	<u>\$ 178,554</u>	<u>\$ -</u>	<u>\$ (41,122)</u>	<u>\$ 137,432</u>	<u>\$ 20,149</u>

NOTE E - ECONOMIC DEPENDENCE

In 1984, the public approved a 10 mill ad valorem tax to be levied beginning on January 1, 1985 for a period of 10 years. In 1994, the public approved a renewal of the tax for an additional 10 year period. These taxes are to provide operating funds for Fire Protection District No. 9 of Jefferson Parish. In January 1985, the Parish and GIVFD entered into a cooperative endeavor agreement whereby GIVFD would be responsible for the day-to-day operations of the District. In return, the Parish would remit to GIVFD, on a monthly basis, 1/12th of the currently budgeted revenues expected to be collected from the 10 mill tax. The original contract was for the period January 23, 1985 to January 23, 1995. The Parish and GIVFD are negotiating a new contract and are operating under the terms and conditions of the old agreement until a new contract is executed.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE E - ECONOMIC DEPENDENCE (CONTINUED)

On January 20, 2001, the public approved an increase in the millage rate to 20.00 mills effective with the 2001 tax roll. 17.48 mills were levied on the 2011 tax rolls and the remittance during 2011 totaled \$540,000. This amount includes the base allocation remitted by the Parish of \$45,000 per month. The revenues from this contract account for a substantial portion (52.8 percent) of GIVFD's total revenues. This 20.00 millage was renewed on April 30, 2011. This increase will be recognized in future years as the taxes are assessed/levied.

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Risk Management

GIVFD is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; and natural disasters. To protect against these risks of loss, the District purchases various types of insurance from commercial carriers.

Under these policies, general liability and medical malpractice coverage is provided for up to a maximum of \$1,000,000 per occurrence (\$2,000,000 in the aggregate); automobile liability coverage is provided for up to \$1,000,000; and worker's compensation is provided at the statutory limits of \$100,000/500,000/100,000. In each policy, GIVFD is responsible for the deductible.

2. Litigation

There is no litigation pending against GIVFD at December 31, 2011.

NOTE G - OTHER INFORMATION

1. Retirement

GIVFD's employees are members of the Social Security System. In addition to the employee contribution withheld at 5.65 per cent, GIVFD contributes 7.65 percent to the System. Aggregate pension costs for the year totaled \$36,368. GIVFD does not guarantee the benefits granted by the Social Security System.

In 1998, GIVFD began allowing certain employees to contribute to an IRA plan. Originally, GIVFD contributed 3 percent of the employee's gross salary as a match against that contributed by the employee. In the wake of Hurricane Katrina, GIVFD started paying both the match and the employee's contribution. During 2011, the contribution to this plan totaled \$4,474, of which \$1,064 was due from GIVFD. An outstanding balance of \$3,400 is due from prior years and is carried in the accrued payroll liabilities at year end.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE G - OTHER INFORMATION (CONTINUED)

2. Hurricanes Katrina and Rita

On August 29, 2005, Hurricane Katrina struck the area and Hurricane Rita struck on September 11, 2005. The Grand Isle area saw severe flooding and wind damage. GIVFD's main station was destroyed and the two substations received damage. In addition, emergency protective measures were performed by GIVFD personnel. Claims totaling \$366,875 have been filed with FEMA. After the local share and administrative fees are added in, FEMA's share is \$374,164. Through December 31, 2011, payments totaling \$399,139 have been received, including \$-0- in 2011. The balance of \$(24,975) has been deferred and is shown as deferred revenue on the books at year end. This overpayment and deferral resulted from FEMA reclassifying some of the costs claimed under Katrina to Hurricane Rita. Claims under Rita totaling \$60,034 have been filed for labor and equipment. To date, \$-0- has been received, thus this amount is included in accounts receivable at year end.

In addition to the public assistance received from FEMA via the State's Office of Military Affairs, GIVFD also is benefitting from FEMA assistance in the rebuilding of the district's Main Fire Station, which was destroyed by Hurricane Katrina. Because the Fire District is actually governed by the Parish of Jefferson's general government, the reconstruction of the Main Station is being funded by FEMA through the Parish of Jefferson. To date, \$256,393 (including \$-0- in 2011) has been paid in architectural fees related to the reconstruction project. This amount has been claimed by the Parish to FEMA and has been reimbursed under Project Worksheet (PW) JP-17676. The project was completed in April 2010 and GIVFD moved into the new station in August 2010.

3. Hurricanes Gustav and Ike

On August 29, 2008, Hurricane Gustav threatened the area and caused the evacuation of the Metropolitan New Orleans area, including Grand Isle. The Grand Isle area saw severe flooding and some wind damage. The Isle was evacuated for several weeks until utility service could be reestablished. Some damage was incurred and some emergency work was performed by GIVFD. Claims totaling \$270,780 have been filed with FEMA and \$1,254 have been disallowed and returned. After the local share and administrative fees are accounting for, FEMA's share is \$227,202. Through December 31, 2011, payments totaling \$254,139 have been received, net of a refund to FEMA of \$(1,254) in 2011. The balance due of \$(26,937) is shown as deferred revenue at year end as these funds will be used in the future on several projects that FEMA has advanced funds on.

On September 12, 2008, Hurricane Ike passed just off of the coastline of the State of Louisiana and hit Texas. While the Grand Isle area was spared a direct hit, the storm surge from the hurricane did cause some tidal flooding. Some damage was incurred and some emergency work was performed by GIVFD. Claims totaling \$106,621 have been filed with FEMA. After the local share and administrative fees are accounting for, FEMA's share is \$94,221. Through December 31, 2011, payments totaling \$84,799 have been received, including \$-0- in 2011. The balance due of \$9,422 has been accrued and is shown as a receivable on the books at year end.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE G - OTHER INFORMATION (CONTINUED)

4. BP Deepwater Horizon Oil Spill

On April 20, 2010, the BP Deepwater Horizon oil drilling platform exploded and sank off the southeastern coast of Louisiana. Oil spewed into the Gulf of Mexico for the next three months. A good amount of this oil spill affected the Louisiana coastline and interior waterways and bayous, including the southern portion of Jefferson Parish (i.e., Grand Isle). The Grand Isle Fire (GIVFD) and Ambulance (GIVES) Districts played a part in the subsequent disaster response effort. GIVFD was hired by BP to provide fire watch contractors to enable BP's workers to clean up the beach areas. BP also provided funds for GIVFD to hire summer juvenile workers to help clear the beaches and back canals of debris. Finally, GIVFD personnel were assigned to the Jefferson Parish Incident Command Center to assist in planning and monitoring the response. Billings to date are as follows:

BP Oil spill Response Program	Amount Billed	Amount Collected	Amount Due (see Note D.2)
Fire Watch	\$ 912,900	\$ (912,900)	\$ -
Equipment Usage	55,800	(55,800)	-
Juvenile Summer Program	27,203	(27,203)	-
JP Incident Command and Standby Boat	237,807	(237,807)	-
Totals	1,233,710	(1,233,710)	-
Less amounts recognized in prior years	957,910	(766,393)	191,517
Total Current Year Activity	\$ 275,800	\$ (467,317)	\$ (191,517)

The federal response to this disaster also included provisions for citizens, businesses, and government agencies to recoup "economic losses" resulting from the oil spill. The loss of the use of commercial fishing grounds for most of the summer and the continuing offshore drilling moratorium may have an effect on the local economy, especially if long-term damage is done to the fisheries and estuaries. Both the seafood industry and the offshore drilling industry play vital roles in the local economy. To date, neither GIVFD nor the Town has filed any claims against BP relating to economic losses; however, as the true long-term impact of the oil spill is determined, claims may be made in the future.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

GOVERNMENTAL FUNDS - GENERAL FUND
DETAILED SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General Fund</u>
Intergovernmental	
Federal	
FEMA - Disaster Assistance	\$ (1,254)
State	
Fire Insurance Rebate	8,456
Local	
Jefferson Parish contract:	
Direct payments - ad valorem taxes	540,000
Equipment grant	23,400
Grand Isle Volunteer Emergency Services	
Cooperative agreement	244,000
	<u>814,602</u>
Service charges and reimbursements	
Reimbursement - BP Oil Spill - Fire Watch	275,800
Reimbursement - BP Oil Spill - Equipment Usage	4,200
Reimbursement - BP Oil Spill - Juvenile Program	-
Reimbursement - BP Oil Spill - JP Incident Command	-
Reimbursement - Anglo Swiss Oil Spill	7,800
	<u>287,800</u>
Donations and gifts	
Fund raising - net	-
Others	-
	<u>-</u>
Interest	<u>384</u>
Miscellaneous	
Insurance proceeds	-
Sales of equipment	-
Other	7,717
	<u>7,717</u>
TOTAL REVENUES	<u><u>\$ 1,110,503</u></u>

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1

d/b/a

FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund
Public Safety	
Current	
Personnel and related costs	
Salaries	\$ 470,778
Salaries - BP Juvenile Program	-
Payroll taxes	36,368
Payroll taxes - penalties & interest	11,365
Retirement	1,064
Health insurance	94,714
Unemployment insurance	137
Workmen's compensation	47,665
	<u>662,091</u>
General and administrative costs	
Advertising	-
Alarm monitoring	396
Bank charges	115
Bookkeeping and auditing	12,197
Dues and subscriptions	794
Office and computer supplies	8,061
Postage	390
Phones	22,578
Utilities - electricity and water	15,804
Utilities - cable and internet	3,752
Leases/rentals - equipment	-
Licenses and certificates	209
Insurance - auto/general	64,479
Sanitation	134
Travel - hotels and meals	2,085
Arson investigation	189
Groceries and supplies - station	15,012
	<u>146,195</u>
Emergency costs and supplies	
BP Oil Spill - Fire Watch contractors	131,628
BP Oil Spill - Fire Watch supplies	-
BP Oil Spill - other labor and supplies	-
Firefighting supplies	9,126
Fire Prevention Week supplies	1,014
Gas and oil	13,586
Hurricane/emergency costs	-
Medical and emergency supplies	169
Training and educational	3,802
Uniforms and shirts	5,094
	<u>164,419</u>
Repairs and maintenance	
R & M - buildings	7,353
R & M - equipment and radios	2,675
R & M - vehicles and boats	50,438
	<u>60,466</u>
Miscellaneous	
Functions/events	870
Gifts, flowers, and donations	750
Other	3,875
	<u>5,495</u>
Capital outlay	
Vehicles and rescue equipment	-
Equipment	7,118
Furniture and fixtures	2,653
	<u>9,771</u>
TOTAL CURRENT	<u>1,048,437</u>
Debt Service	
Principal	41,122
Interest	9,321
TOTAL DEBT SERVICE	<u>50,443</u>
TOTAL EXPENDITURES	<u>\$ 1,098,880</u>

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SUPPLEMENTARY INFORMATION

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
 40/a
 FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2011

FEDERAL AGENCY/ PROGRAM TITLE	CFDA NUMBER	GRANT/ PROJECT NUMBER	GRANT PERIOD		TOTAL GRANT AWARD	ACCRUED (DEFERRED) REVENUE DECEMBER 31, 2010	CASH/ ASSISTANCE RECEIVED DURING YEAR	ACCRUED (DEFERRED) REVENUE DECEMBER 31, 2011	TOTAL REVENUE RECOGNIZED	TOTAL FEDERAL EXPENDITURES
			FROM	TO						
PASS-THROUGH AWARDS										
DEPARTMENT OF HOMELAND SECURITY										
Passed through State Department of Military Affairs:										
Emergency Disaster - Public Assistance Grants (Kandahar)	97.036	FEMA-1603-DR-LA	Project Completion		\$ 371,455	\$ (24,975)	\$ -	\$ (24,975)	\$ -	\$ -
Emergency Disaster - Public Assistance Grants (Nha)	97.036	FEMA-1607-DR-LA	Project Completion		60,034	60,034	-	60,034	-	-
Emergency Disaster - Public Assistance Grants (Ottawa)	97.036	FEMA-1786-DR-LA	Project Completion		340,341	(26,937)	(1,254)	(26,937)	(1,254)	(1,254)
Emergency Disaster - Public Assistance Grants (Ile)	97.036	FEMA-1792-DR-LA	Project Completion		130,812	9,422	-	9,422	-	-
						17,544	(1,254)	17,544	(1,254)	(1,254)
TOTAL FEDERAL ASSISTANCE										
					\$ 17,544	\$ (1,254)	\$ (1,254)	\$ 17,544	\$ (1,254)	\$ (1,254)

NOTES TO SCHEDULE

This Schedule of Expenditures of Federal Awards includes the federal grant activity of the Grand Isle Volunteer Fire District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. GIVFD did not meet the threshold for having a Single Audit performed for 2010.

COMPLIANCE SECTION

Paul C. Rivera, CPA

(504) 371-4390

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the President and Board of Directors
Grand Isle Volunteer Fire Company No. 1 (GIVFD)
Grand Isle, Louisiana

I have audited the basic financial statements of Grand Isle Volunteer Fire Company No. 1 (GIVFD), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, as of and for the year ended December 31, 2011, and have issued my report thereon dated June 26, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered GIVFD's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GIVFD's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of GIVFD's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of GIVFD's financial statements will not be prevented, detected or corrected in a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses, that I consider to be significant deficiencies in internal control over financial reporting (See Findings SD# 11-01, SD# 11-02, and SD# 11-03). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether GIVFD's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

GIVFD's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. I did not audit GIVFD's responses and, accordingly, I express no opinion on them.

I did note certain other matters that I have reported to management of GIVFD in a separate letter entitled "Memorandum of Advisory Comments", dated June 26, 2012.

This report is intended for the information of GIVFD's management, the Louisiana Legislative Auditor, all applicable Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, the report is distributed by the Legislative Auditor as a public document.

Paul C. Bivins, CPA
June 26, 2012

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2011

I have audited the financial statements of the Grand Isle Volunteer Fire Company No. 1 (GIVFD) as of and for the year ended December 31, 2011, and have issued my report thereon dated June 26, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2011 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

A. The auditor's report expresses an unqualified opinion on the financial statements of GIVFD.

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Significant Deficiencies were noted (see below).

No Material Weaknesses were noted.

Compliance:

No instances of noncompliance material to the financial statements were noted.

Federal Awards - not applicable

Identification of Major Programs - not applicable

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

SD Comment # 11-01 - Inadequate Segregation of Duties

Condition - I noted that the size of GIVFD's operations is too small to provide for an adequate segregation of duties. The GIVFD's Office Manager/bookkeeper is charged with most of the responsibilities relating to the cash receipts, cash disbursement, and financial reporting cycles. GIVFD does, however, have various controls in place which tend to mitigate this problem, including (1) having another person review and initial all bank reconciliations, (2) requiring dual signatures on all checks, and (3) requiring the presentation of actual versus budget reports on a monthly basis.

Recommendation - Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of GIVFD in a timely manner.

SD Comment # 11-02 - Preparation of Financial Statements by Auditor

Condition and Criteria - GIVFD does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principles. As is common in small organizations, GIVFD has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Cause - Recently issued Statement of Auditing Standards (SAS) 115 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation - As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 115. In this case, I do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, I do not believe any corrective action is necessary.

Management's Response - GIVFD's staff is familiar with the day-to-day accounting requirements; however, due to limited staffing and funding, we do not consider it practical to provide sufficient training to our staff in order to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

SD Comment # 11-03 - Maintaining Proper Fixed Asset Records

Condition and Criteria - GIVFD does not maintain a formal fixed assets ledger. Instead, it has chosen to rely on the external auditor to maintain a schedule of general fixed assets within an excel spreadsheet, which is adjusted each year during the audit. By not maintaining a general ledger on fixed assets, GIVFD must wait until year end to calculate and post depreciation on fixed assets. Additions and disposals of fixed assets are also not recorded until year-end.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Cause - GIVFD's software system (QuickBooks) was not set up to record and depreciate fixed assets.

Recommendation - GIVFD should work towards entering the records relating to the fixed assets into the QuickBooks software system. This would also allow for the timely capitalization and depreciation of all fixed assets.

Management's Response - We will look into doing this for the next fiscal year audit. Since we record our activity on a "cash-basis" of accounting, we do not see this as a must and are satisfied with relying on the year-end audit adjustments to reflect capitalization and depreciation activity. We do maintain asset inventory listings for insurance purposes that reconcile back to our accounting records.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not Applicable

SECTION IV - STATUS OF PRIOR YEAR FINDINGS

The status of findings and questioned costs noted in prior years is noted below:

FINANCIAL STATEMENT FINDINGS

Prior Year Comment No.	Description	Status
SD # 10-01	Inadequate segregation of duties.	See CY SD Comment # 11-01
SD # 10-02	Preparation of Financial Statements by auditor	See CY SD Comment # 11-02
SD # 10-03	Not maintaining proper fixed asset records	See CY SD Comment # 11-03
SD # 10-04	Not maintaining adequate and proper supporting documentation	Resolved. Documentation and files in good order.
CF # 10-01	State payroll taxes withheld not being remitted on a timely basis.	Resolved. All delinquent taxes paid during 2011.

{END OF REPORT}

MEMORANDUM OF ADVISORY COMMENTS

**GRAND ISLE
VOLUNTEER FIRE COMPANY NO. 1
(GIVFD)**

d/b/a

**FIRE DISTRICT NO. 9
OF JEFFERSON PARISH
Year Ended December 31, 2011**

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**INTERNAL CONTROL STRUCTURE
AND RELATED MATTERS**

Paul C. Rivera, CPA

(504) 371-4390

To the President and Board of
Grand Isle Volunteer Fire Company No 1 (GIVFD)
Grand Isle, Louisiana

I have audited the financial statements of Grand Isle Volunteer Fire Company No. 1 (GIVFD), a nonprofit entity d/b/a Fire District No. 9 of Jefferson Parish, for the year ended December 31, 2011, and have issued my reports thereon dated June 26, 2012. As part of my audit, I considered GIVFD's internal control structure in order to determine the nature, timing, and extent of my auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on the internal control structure.

Significant deficiencies and material weaknesses which may have been noted during my consideration of the internal control over financial reporting have been reported on in a separately issued report, entitled "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance With Government Auditing Standards".

This memorandum summarizes various other matters which have come to my attention. While not involving significant deficiencies or material weaknesses, these matters do present opportunities for strengthening the internal control and improving the operating efficiency of GIVFD.

I have already discussed these comments and suggestions with GIVFD's administrative personnel and have included their responses. I will be pleased to discuss these comments and suggestions with you in further detail at your convenience, perform an additional study of these matters, or assist you in implementing the recommendations.

Paul C. Rivera, CPA

June 26, 2012

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)

d/b/a

FIRE DISTRICT NO. 9 OF JEFFERSON PARISH

COMMENTS AND SUGGESTIONS

For the Year Ended December 31, 2011

INCREASING CASH BALANCES

MLC 11-01 COMMENT

GIVFD has several project worksheets (PWs) filed with FEMA for disaster assistance related to Hurricanes Katrina, Rita, Gustav and Ike. Typically, FEMA claims are reimbursed to the entity after proof of expenditure is provided to FEMA.

During my testing of grant revenues and expenditures, I noted that FEMA has not paid GIVFD \$60,034 for overtime and equipment costs related to Hurricane Rita (FEMA-DR-LA-1607). Given the cash flow problems GIVFD has been experiencing over the past few years, GIVFD's management should be aware that this money is due and should get with FEMA to determine what needs to be done to collect these obligated funds.

RECOMMENDATION

GIVFD should contact FEMA to determine what, if anything, is holding up the disbursement of these funds.

RESPONSE

We met with our FEMA representative in May 2012 and are in the process of filing a Request for Release of Funds (RRF) as requested by them. We expect these funds to be collected shortly.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)

d/b/a

**FIRE DISTRICT NO. 9 OF JEFFERSON PARISH
COMMENTS AND SUGGESTIONS (CONTINUED)**

For the Year Ended December 31, 2011

CONTROLLING AND MONITORING EXPENDITURES

MLC 11-02 COMMENT

GIVFD has several project worksheets (PWs) filed with FEMA for disaster assistance related to Hurricanes Katrina, Rita, Gustav and Ike. Typically, FEMA claims are reimbursed to the entity after proof of expenditure is provided to FEMA. Because of the wide-spread damage caused by these hurricanes, FEMA implemented a "small projects" process, whereby funds are paid out to the claimant even if the claimant has not yet incurred costs under the PW (i.e., the money is advanced to the agency).

During my testing of grant expenditures, I noted that FEMA had paid GIVFD \$26,937 on various "small projects" related to Hurricane Gustav and had removed \$24,975 from Hurricane Katrina from the authorized amount, although it had already been paid. Given the cash flow problems GIVFD has been experiencing over the past few years, GIVFD's management should be aware that this money must be spent on items called for within the PWs or else the money will have to be paid back.

RECOMMENDATION

GIVFD should examine these small project claims and ensure that it spends and documents amounts sufficient enough to support the amounts advanced.

RESPONSE

We will review these projects to ensure that the money is spent as intended and documentation is provided to FEMA to support the claims. We continue working with FEMA to document and claim all funds owed to GIVFD.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE DISTRICT NO. 9 OF JEFFERSON PARISH
COMMENTS AND SUGGESTIONS
For the Year Ended December 31, 2011

***PAYING LIABILITIES IN A TIMELY MANNER (IMPROVING GIVFD'S
CREDIT WORTHINESS)***

MLC 11- 03 COMMENT

GIVFD offers an IRA plan to its employees. Amounts are withheld from the employee and GIVFD matches the contribution to the retirement administrator. During my testing of payroll and related liabilities, I noted that GIVFD had not been remitting the amounts withheld to the account administrator (Edward Jones). In fact, no payments had been made to the plan for the last 6 months of 2009 and for all of 2010.

RECOMMENDATION

GIVFD should remit the amounts due in a timely manner.

RESPONSE

We acknowledge that we have been unable to remit the amounts due under this retirement plan. The severe cash flow problems noted above prevented us from making contributions to this plan as called for. The change in bookkeepers also delayed the remittance as the IRA worksheets had to be redone. Now that our cash situation has stabilized, we have remitted the proper amounts for 2011 and in March 2012, we remitted the amounts due from prior years. Thus, this situation has been resolved.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE DISTRICT NO. 9 OF JEFFERSON PARISH

**STATUS OF PRIOR YEAR COMMENTS
AND FINDINGS**

Several advisory comments and compliance findings were made for the year ended December 31, 2010. The status of the comments and findings previously noted are as follows:

Prior Year Comment Finding No.	Description	Status
# MLC 10-01	Issuing checks with insufficient cash in bank is resulting in large amount of bank charges	Cleared. Cash flows and cash monitoring improved - little or no bank charges noted in 2011.
# MLC 10-02	Questionable split between private fund-raising firm and GIVFD.	Cleared. Contract with fund-raising firm discontinued in 2010.
# MLC 10-03	Travel advances not being properly supported	Cleared. New policies implemented to ensure all travel costs are documented. Included implementing a per-diem schedule for meals.
# MLC 10-04	GIVFD was advanced money from FEMA on several small projects and may owe money back if not spent in accordance with PW.	Not Cleared - See CY MLC 11-02.
# MLC 10-05	GIVFD is delinquent in paying back emergency bank loan from 2007.	Cleared. Loan paid out completely during 2011.
# MLC 10-06	GIVFD not remitting to IRA plan.	Not Cleared - See CY MLC 11-03.